Hong Kong Economic Times Holdings Limited

Annual Report
2010/2011

Printed Media

Financial News Agency, Information and Solutions

Recruitment Advertising and Training

Lifestyle Portals

Stock Code 00423

The mission of the Group

is

to become one of the pre-eminent

financial and business

information and service providers

in

Greater China

Contents

Corporate Information and Key Dates

Board of Directors

Executive Directors

Mr. Fung Siu Por, Lawrence *(Chairman)*

Mr. Mak Ping Leung (alias: Mr. Mak Wah Cheung)

Mr. Chan Cho Biu

Mr. Shek Kang Chuen

Ms. See Sau Mei Salome

Mr. Chan Wa Pong

Non-executive Director

Mr. Chu Yu Lun

Independent Non-executive Directors

Mr. Chan Mo Po, Paul

Mr. Chow On Kiu

Mr. Lo Foo Cheung

Company Secretary

Mr. Chan Wa Pong *CPA, FCCA*

Qualified Accountant

Ms. Chan Kit Man Fanny *FCPA*

Authorised Representatives

Mr. Fung Siu Por, Lawrence

Mr. Chan Wa Pong

Independent Auditor

PricewaterhouseCoopers

Audit Committee

Mr. Chan Mo Po, Paul *(Chairman)*

Mr. Chow On Kiu

Mr. Lo Foo Cheung

Nomination Committee

Mr. Chow On Kiu *(Chairman)*

Mr. Chan Mo Po, Paul

Mr. Chu Yu Lun

Remuneration Committee

Mr. Lo Foo Cheung *(Chairman)*

Mr. Chow On Kiu

Mr. Chu Yu Lun

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

6th Floor, Kodak House II
321 Java Road
North Point
Hong Kong

Corporate Website

www.hketgroup.com

Email

groupinfo@hket.com

Stock Code

00423 HK

Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

Key Dates

Closure of Registers of Members

22 July 2011 to 27 July 2011
(for attending Annual General Meeting)
2 August 2011 to 4 August 2011
(for final dividend entitlement)

Annual General Meeting

27 July 2011

Proposed Payment of Final Dividend

19 August 2011

Business Organization Chart

Printed Media

Hong Kong Economic Times newspaper publishing

Take me Home community newspaper publishing

e-zone magazine publishing

U Magazine magazine publishing

iMoney magazine publishing

ET Press and WHY book publishing

Financial News Agency, Information and Solutions

Finance

ET Net

ET Wealth

ET Trade

Property

EPRC

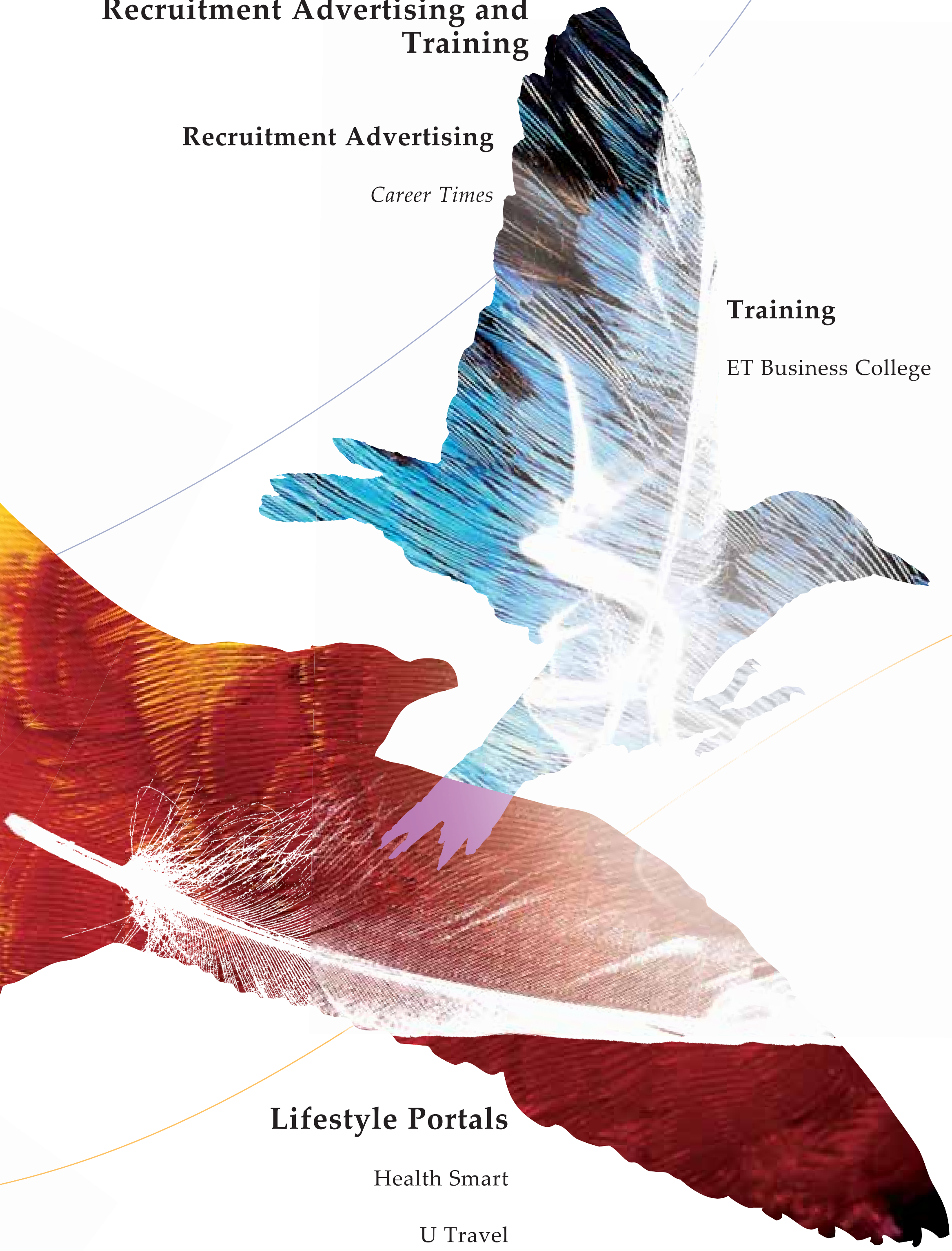
Recruitment Advertising and Training

Recruitment Advertising

Career Times

Training

ET Business College



Lifestyle Portals

Health Smart

U Travel

U Food

U Beauty

HKET Holdings At A Glance

Hong Kong Economic Times Holdings Limited ("HKET Holdings"/ "the Group") is a diversified media company. Its core business — publication of the *Hong Kong Economic Times ("HKET")* — was established in 1988. It is the leading financial newspaper in Hong Kong. Apart from newspaper publishing, the Group also operates other businesses sharing synergistic benefits such as magazines and book publishing, recruitment advertising & executive training, and lifestyle portals. In addition, the Group runs a financial news agency, information and solutions business. ET Net, the leading financial news agency in Hong Kong serving the professional market, has expanded to the Greater China market. HKET Holdings was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 August 2005 (Stock code: 00423).

Strategy and 5 Business Domains

Taking advantage of the strong foundation and rich experiences of the Group, HKET Holdings strives to attain sustainable growth for the utmost benefit of shareholders by pursuance of diversification strategy through 5 business domains:

- Education
- Property
- Lifestyle
- Finance
- Human Resources

Leading Positions

The Group puts every endeavour to achieve and maintain the leading positions, a proven strategy for success in a highly competitive market and ever-changing world.

- ***Hong Kong Economic Times*** the financial newspaper
- ***e-zone*** the mass market IT magazine
- ***U Magazine*** the travel and lifestyle magazine
- ***iMoney*** the financial magazine
- **ET Net** the financial news agency
- **ET Wealth** the electronic funds database and wealth management system provider
- **ET Trade** the securities & futures trading solution provider
- **EPRC** the electronic property database provider

Awards

***HKET* won in the Consumer Rights Reporting Awards 2010,**
- Gold Award and Silver Award in "Press Photo"
- Bronze Award and Merit in "Features"
- Bronze Award and Merit in "News"

***HKET* won in the Focus at the Frontline 2010,**
- Winner in "Feature"
- 1st Runner-up in "People Portrait"

***HKET* won in The 22nd Hong Kong Print Awards,**
- Merit in "Newspaper Printing"

***U Magazine, e-zone, iMoney* and *Property Times* won in Magazine of the Year 2011,**
- Top 10 Overall Magazines of the Year *(U Magazine)*
- 1st in "Travel Magazine of the Year (Local)" *(U Magazine)*
- 1st in "Consumer Electronics Magazine of the Year" *(e-zone)*
- 1st in "Business Magazine of the Year (Local)" *(iMoney)*
- 1st in "Property Magazine of the Year" *(Property Times)*

***e-zone* won in the Hong Kong ICT Awards 2011,**
Best Ubiquitous Networking (Mobile Learning & Publishing) Award (*e-zone* for iPad)
- Gold Award
- Certificate of Merit (Best Smartphone / Tablet PC Application)

***iMoney* won in the Citi Journalistic Excellence Award 2011,**
- 2nd Runner-up in CJEA Hong Kong

ET Press won in The 22nd Hong Kong Print Awards,
- Distinguished Publishing Awards – Biography, by the entry of "*Biography of Leung Sing Boh*"

Chairman's Statement

Dear Shareholders,

Following the business recovery from the global financial tsunami, the financial year 2010/11 was a record year of the Group. Revenue had just exceeded the previous record of financial year 2007/08. Profit attributable to shareholders increased from HK$85.5 million to HK$154.6 million, a growth of 81% on annual basis. The remarkable increase was partly due to the goodwill impairment absorbed in the financial year 2009/10. If this factor is excluded, the profit would have grown by 39%.

The Group's encouraging performance was supported by our two pillars, the printed media segment, including our flagship newspaper, *Hong Kong Economic Times*, and the financial news agency, information and solutions segment. The printed media segment, as major profit contributor to the Group, recorded a growth of 35% in operating results as compared to previous financial year's operating results before goodwill impairment. The financial news agency, information and solutions segment, despite its significant expenditure in product enhancement and quality assurance this year, maintained its profit contribution to the Group. With these two engines leading the Group's financial performance, we see a promising future for the Group.

The relentless effort paid by our staff enabled the Group to ride through the adverse economic climate. Our staff's determination and passion to excel fueled the Group's advancement.

However, going forward into financial year 2011/12, we foresee intensified competition from new media. The evolution of mobile gadgets accelerates the change of reading habit. Printed media has to adapt, and this is quite a cultural change for publishers. We have to compete more to get audience attention. We have to unlearn old skills and learn new skills. Listening to our customers' needs has always been our core value. We constantly listen carefully to what our audience wants, respond to their needs and try our best to satisfy those needs. This is not just in the area of content creation, but also in packaging and distribution which maximize audience engagement. The Group would monitor the market situation closely and proactively improve accordingly.

Rising paper price caused by rising oil prices, increasing wages level and inflationary pressure on other operating costs are squeezing the Group's profit margin. We may find ourselves in a position where the rise in cost is faster than revenue in the coming financial year. We would spare no effort in reviewing all our costs and streamlining our operations in order to achieve reasonable profit margin and for sustained profitability for the benefit of our shareholders.

There are also uncertainties in the economic front. There are renewed fears in the euro-zone's debt problems, worries about the prospect of a U.S. slow down and concerns about Mainland China's tightening monetary policy to curb inflation. We would be watching these developments closely and react accordingly.

Despite these threats and uncertainties, we are determined to overcome these challenges and are optimistic about the prospect of the Group in the medium term. We would continue to invest in business units which we have leading edge, and restructure business units which we did not do so well. Our diversified portfolio of products and services had served us well in weathering the ups and downs of economic cycles and we believe this strategy of diversification would lessen part of the pressure on the Group's profit. We would continue to look for opportunities in products and services within our core business domains of finance, property, human resources, education and lifestyle to attain a more balanced and diversified portfolio for the sustainable growth in the long run. Previous years' experiences had proven that under the guidance of our Board comprising experienced and high calibre members with broad knowledge, and the excellent execution of business plans by our passionate staff, I am confident that the Group will overcome the challenges ahead.

In times of uncertainty, it is necessary to reserve sufficient liquid fund for the rainy days. But we should not forget about the need to continuously invest for the growth of the company. In view of the good financial result and in appreciation of shareholders' support, the Board is proposing a final dividend of HK 17.9 cents per share in respect of the financial year ended 31 March 2011. Together with the interim dividend of HK 4.1 cents already distributed, the total dividend is HK 22 cents, an increase of HK 10 cents or 83% over the previous financial year.

Taking this opportunity, I would like to express my heartfelt thanks to my fellow Board colleagues for their advices and leadership, and all our staff for their dedication, professionalism and valuable contributions. I would also like to extend my gratitude to our readers, customers, business partners and investors for their continued support.

Fung Siu Por, Lawrence
Chairman

Hong Kong, 20 June 2011

Board of Directors

Executive Directors

Mr. FUNG Siu Por, Lawrence, GBS, aged 61, is the Chairman and Chief Executive Officer of the Company. Mr. Fung is a founder of the *Hong Kong Economic Times ("HKET")*. He was also the first Publisher and Chief Editor of *HKET*. Mr. Fung is responsible for the overall strategic planning and development, policy-making and setting corporate missions of the Group. He has over 30 years of entrepreneurial experience in media and publishing, securities trading, computer technology and exhibition industries. Mr. Fung obtained a Bachelor of Social Science degree from The University of Hong Kong ("HKU") and a Master of Arts degree in Economics from University of Manchester in the United Kingdom. In 2003, Mr. Fung was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Fung is a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. He is also a founder member and Chairman of Board of Directors of Hong Kong Ideas Centre Limited. Mr. Fung was conferred the degree of Doctor of Social Sciences *honoris causa* by HKU in 2010.

Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung), aged 61, is the Managing Director of the Group and Publisher of *HKET*. He is also a founder of *HKET*. Mr. Mak is responsible for formulating the business strategies and the overall management of publishing, recruitment advertising and printing production of the Group. He has over 30 years of extensive experience in the media and publishing industry. Prior to joining the Group in 1987, he was the Bureau Chief of *Wen Wei Po*, European Bureau in London, and was later promoted to the Deputy General Manager of *Wen Wei Po*. Mr. Mak obtained his Bachelor of Arts degree from The University of Hong Kong and had attended a journalism programme "Journalists in Europe" in France. Mr. Mak is currently the honorary advisor of Hong Kong Institute of Marketing and a Director of Hong Kong Copyright Licensing Association Limited. In 1988, Mr. Mak was elected as one of the Ten Outstanding Young Persons of Hong Kong. In March 2010, Mr. Mak was appointed an Independent Non-executive Director of North Asia Resources Holdings Limited, a company listed on the Hong Kong Stock Exchange.

Executive Directors

Mr. CHAN Cho Biu, BBS, aged 54, is the Associate Publisher and Chief Editor of *HKET*. Mr. Chan joined the Group in 1988 and is responsible for the editorial development of *HKET*. Mr. Chan has over 20 years of solid experience in the media and publishing industry. Prior to joining the Group, he had worked with the *Hong Kong Economic Journal* and Radio Television Hong Kong. Mr. Chan holds a Bachelor of Science degree and a Postgraduate Diploma in Education from The Chinese University of Hong Kong. In 2007, Mr. Chan was elected as the first Chairman of Journalism Education Foundation Hong Kong Limited and awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Chan was the Chairman of the Hong Kong News Executives' Association in 2001 and 2002.

Mr. SHEK Kang Chuen, aged 63, is the Associate Publisher and Head of Research Department of *HKET*. He is a founder of *HKET*. Mr. Shek is responsible for the overall development and management of Research Department of *HKET*. He is also responsible for the day-to-day management of the Group's book publication and training businesses. Mr. Shek has over 20 years of solid experience in the media and publishing industry. He is a columnist in *HKET* and its associated magazines, *iMoney* and on the financial portal of www.etnet.com.hk. Besides that, Mr. Shek has written several books on topics of investment, finance and wealth management. He is a regular speaker in various investment and wealth management conferences and seminars. He is currently a host of an investment programme for Radio Television Hong Kong. Mr. Shek obtained a Bachelor of Arts degree and a Postgraduate Diploma in Education from The University of Hong Kong.

Ms. SEE Sau Mei Salome, aged 48, is the Managing Director of the Company's subsidiaries which engage in the businesses of financial news agency, information and solutions. Ms. See joined the Group in 1989, responsible for the Group's marketing strategy and operations. She was later assigned to start and take charge of the Group's financial news agency, information and solutions businesses. Ms. See has over 20 years of solid experience in general business management. Prior to joining the Group, Ms. See worked in the regional marketing office of a multinational computer equipment corporation, Digital Equipment Limited, where she gained extensive experience in digital technology and a profound understanding of advanced networking. Ms. See obtained a Bachelor of Arts degree from Macquarie University, Australia.

Mr. CHAN Wa Pong, aged 59, joined the Group in 1990, and is the Company Secretary of the Company and Chief Financial Officer of the Group. Mr. Chan studied accountancy in North East London Polytechnic and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of financial and management experience in London and Hong Kong. Prior to joining the Group, Mr. Chan was the Chief Accountant of a multinational gas manufacturer in Hong Kong and the Financial Controller of a paper product manufacturer in Hong Kong.

Board of Directors

Non-executive Director

Mr. CHU Yu Lun, aged 60, was appointed as a Non-executive Director in April 2005. He is also a member of Company's Nomination Committee and Remuneration Committee. Mr. Chu is the founder and Chairman of the Adsale Group. Established in December 1977 in Hong Kong under the name of The Adsale People, the company registered as Adsale People Limited in 1985. The Adsale Group is an international trade media group in the Asia-Pacific region. Its major businesses include organizing international trade fairs, publishing international trade journals and providing virtual exhibitions and e-publications. Mr. Chu has extensive experience in the exhibitions industry. Mr. Chu received a Master degree in Business Administration at The Chinese University of Hong Kong in 1984 after his Bachelor degree in Science from The University of Hong Kong in 1973. For years, Mr. Chu has taken active participation in social activities personally and on behalf of his companies. He is currently the First Vice Chairman of International Exhibition Association (UFI) Asia Pacific Chapter, Honorary Life President of Hong Kong Exhibition and Convention Industry Association (HKECIA), member of Steering Committee on MICE of Hong Kong Special Administrative Region ("HKSAR"), member of Tourism Strategy Group of HKSAR and has been the Founding President of Hong Kong University Science Alumni Association Limited, member of the Board of Governors of the Hong Kong Baptist University Foundation, member of Advisory Board on the Master degree in Business Administration program of The Chinese University of Hong Kong and advisor of China Expo Forum for International Cooperation. His commitment in the industry grants him an award of "The Top Ten People in China Exhibition Industry 2001 & 2003". Mr. Chu is also a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited.

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul, JP, aged 56, was appointed as an Independent Non-executive Director in May 2005. He is currently the Chairman of Company's Audit Committee and a member of Company's Nomination Committee. Mr. Chan is the Chairman of Crowe Horwath (HK) CPA Limited and an Independent Non-executive Director of The Wharf (Holdings) Limited, Kingmaker Footwear Holdings Limited and China Communication Services Corporation Limited, all of which are companies listed on the Hong Kong Stock Exchange. In March 2011, Mr. Chan was appointed an Independent Non-executive Director of China Vanke Company, Limited, a company listed on the Shenzhen Stock Exchange. Mr. Chan has over 30 years experience in the accounting and finance field and is the former President of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He had also been the former Chairman of the Association of Chartered Certified Accountants ("ACCA") – Hong Kong. Mr. Chan obtained both his Bachelor and Master degrees in Business Administration from The Chinese University of Hong Kong. He is a fellow member of the HKICPA, the Institute of Chartered Secretaries and Administrators and the Taxation Institute of Hong Kong. In 2006, Mr. Chan was appointed as the Chairman of Legal Aid Services Council and was awarded a Medal of Honour by the Government of HKSAR. He was appointed as a Justice of the Peace in 2007. In 2008, he was appointed as a member of Shanghai City's Chinese People's Political Consultative Conference and as an advisor to the Accounting Standards Committee of The Ministry of Finance of People's Republic of China. Mr. Chan is currently a member of the Hong Kong Legislative Council representing the accountancy functional constituency.

Independent Non-executive Directors

Mr. CHOW On Kiu, aged 60, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Nomination Committee and a member of Company's Audit Committee and Remuneration Committee. Mr. Chow has extensive experience in banking, finance, trading, investment as well as property investment in Mainland China. Mr. Chow is currently the Vice Chairman of Wharf China Development Limited. He had also been a Director of Sun Hung Kai Securities Limited from 1979 to 1985, Managing Director of Tian An China Investment Limited, a company listed on the Hong Kong Stock Exchange, from 1987 to 1992 and Executive Director of Next Media Limited, a company listed on the Hong Kong Stock Exchange, from 1999 to 2002. Mr. Chow graduated with a Bachelor degree in Social Science from The University of Hong Kong.

Mr. LO Foo Cheung, JP, aged 61, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Remuneration Committee and a member of Company's Audit Committee. Mr. Lo is the founder and Chairman of FC Packaging Holding Limited, one of the leading can manufacturers in the Greater China. Mr. Lo has extensive experience in the industrial and manufacturing industry in Hong Kong and Mainland China. He is currently the First Vice-President of the Chinese Manufacturers' Association of Hong Kong, Standing Committee Member of the Chinese General Chamber of Commerce, Council Member of Hong Kong Trade Development Council, Council Member of Hong Kong Productivity Council, Standing Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang Province and Jiangmen City, Vice President of China Packaging Federation and President of Jiangmen Association of Enterprises with Foreign Investment. Mr. Lo previously served as a member of the Business Advisory Group of Hong Kong Special Administrative Region, Committee Member of Business Facilitation Advisory Committee, Director and Chairman of Finance and Administration Committee of Hong Kong Design Centre, Committee Member of Small and Medium Enterprises Committee of Hong Kong, founding Vice Chairman of the Young Industrialists Council of Hong Kong, Chairman of the Chinese Executive Club of the Hong Kong Management Association and Council Member of the Hong Kong Quality Assurance Agency. Mr. Lo holds a Bachelor degree with honours in Social Science and a Master degree in Business Administration from The Chinese University of Hong Kong. Mr. Lo was a winner of the Young Industrialist Award of Hong Kong in 1988.

Corporate Governance

The Board of Directors (the "Board") was committed to maintain a high level of corporate governance standards and practices. The Board has complied with the provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except as stated and explained below.

Board of Directors

The Board currently comprises ten Directors, four are Non-executive Directors with three of them being Independent Non-executive Directors, representing more than one-third of the Board. The composition of the Board reflects a comprehensive range of professions, knowledge and experience. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence for the best interests of the shareholders. Names and biographies of the Directors are set out on pages 12 to 15 of this Annual Report.

Each of the Executive, Non-executive, and Independent Non-executive Directors has entered into a continuous service contract with the Company and is subject to the rotational retirement and re-election requirements of the Company's Articles of Association and the Code Provisions. Mr. Fung Siu Por, Lawrence (the Chairman and Executive Director of the Company) and Mr. Chu Yu Lun (the Non-executive Director of the Company) have been business partners for years and have common interests in certain companies. Save as disclosed above, none of the Directors has any financial, business, family relationships or any relationships in other material aspects with each other.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of respective Executive Directors. The Board will ensure that the decision and direction made are implemented through the management, and that all significant business matters including but not limited to budgets, business plans, investment decisions, material capital expenditure are subject to the Board's approval.

The Board intends to hold at least four meetings annually at approximately quarterly intervals. Notice of meeting, agenda (with consultation of members of the Board) and accompanying board papers are sent in full to all Directors in a timely manner before the intended date of each meeting. During the financial year ended 31 March 2011, four meetings were held and Mr. Chu Yu Lun, and Mr. Chan Mo Po, Paul were absent in one of the meetings.

Minutes of the Board meetings are recorded by the secretary of the meeting in sufficient detail of the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final version of minutes of Board Meetings are sent to all Directors for their comment and records respectively, in both cases within reasonable time after the Board Meeting is held.

Independence of Independent Non-executive Directors

Each Independent Non-executive Director has submitted to the Stock Exchange a written confirmation in respect of their independence in accordance with Rule 3.13 of the Listing Rules on 9 May 2005. The Board has also received from each of the Independent Non-executive Directors a confirmation of his independence as required under the Listing Rules. The Board is of the opinion that all Independent Non-executive Directors are independent and appreciates the professional and valuable contributions they made to the Board and the Committees.

Audit Committee

The Company established an Audit Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Audit Committee comprises three Independent Non-executive Directors, Mr. Chan Mo Po, Paul as Committee Chairman, Mr. Chow On Kiu and Mr. Lo Foo Cheung. The Committee members possess the necessary qualifications and experience in financial matters which are crucial to the Committee's key roles and functions. The principal roles and functions of the Committee include:

(a) to review the financial statements of the Group together with the Company's interim and annual report;

(b) to oversee the Group's financial control, internal control and risk management systems and to monitor the integrity of the financial reporting process; and

(c) to consider the appointment, re-appointment and removal of external auditors, and to approve their remuneration and deal with any question of their resignation or dismissal.

During the financial year ended 31 March 2011, the Audit Committee met two times. Mr. Chow On Kiu was absent in two of the meetings. The Company's Chief Financial Officer and Qualified Accountant and External Auditor were invited to attend the meetings. The Committee has reviewed the annual report for the financial year ended 31 March 2010, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2010 at the relevant meetings. The Chairman of the Audit Committee has reported to the Board on the proceedings of these meetings. The Board has not taken any view that is different from that of the Audit Committee.

Furthermore, another meeting was held on 16 June 2011 to review, inter alia, the Annual Report and Financial Statements of the Group for the year ended 31 March 2011, the report from External Auditor on the audit of the Group's Financial Statements, the connected transactions, internal control system review and the re-appointment of External Auditor.

Remuneration Committee

The Company established a Remuneration Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun, and two Independent Non-executive Directors, Mr. Lo Foo Cheung as the Committee Chairman and Mr. Chow On Kiu. The principal roles and functions of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure of the remuneration of directors and senior management;

(b) to have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management and make recommendations to the Board of the remuneration of the Non-executive Directors;

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct;

The Remuneration Committee met once during the financial year ended 31 March 2011 with the presence of all members to review and approve the remunerations and discretionary bonus payable to the Executive Directors and senior management for the financial year under review. The Committee Chairman has reported to the Board on the proceedings of the meeting.

Nomination Committee

The Company established a Nomination Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Chow On Kiu as Committee Chairman and Mr. Chan Mo Po, Paul. The principal roles and functions of the Nomination Committee include:

(a) to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of Independent Non-executive Directors with regard to the requirements under the Listing Rules; and

(d) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer.

The Nomination Committee met once during the financial year ended 31 March 2011 with the presence of all members to review the size, structure and composition of the Board and made its recommendations to the Board on the re-appointment of Directors (not less than one-third of the Board) who are subject to retirement by rotation and eligible for re-election at the forthcoming annual general meeting.

Remuneration of Directors

The Directors' fees and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 7(b) to the Consolidated Financial Statements of this Annual Report on page 64.

The Group's emolument policy is set out in note 7(d) to the Consolidated Financial Statements of this Annual Report on page 65.

Securities Transactions of Directors

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All Directors confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the financial year ended 31 March 2011.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company for the period under review.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the Financial Statements for the year ended 31 March 2011, the Directors have selected appropriate accounting polices and applied them consistently; made judgements and estimates that are prudent and reasonable; and have prepared the Financial Statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

External Auditor

The Group had appointed PricewaterhouseCoopers as the Group's External Auditor since the financial year 2004/05. Their reporting responsibilities on the Financial Statements are set out in the Independent Auditor's Report of this Annual Report on pages 35 to 36.

During the period under review, the Group has incurred a total fee of HK$2,200,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2010/11, which was approved by the Audit Committee and the Board. A fee of HK$213,000 was also paid or payable to PricewaterhouseCoopers for other services.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held on 27 July 2011.

The re-appointment of PricewaterhouseCoopers as the External Auditor of the Group has been recommended by the Audit Committee and endorsed by the Board, subject to the approval of shareholders in the forthcoming annual general meeting.

Internal Controls

The Board acknowledges its responsibility for the Group's internal control system and has reviewed its effectiveness to ensure that internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and best practices.

Management Discussion and Analysis

Summary of Profit and Loss Account

	Year ended 31 March 2011 HK$'000	2010 HK$'000	% Change
Turnover	**952,284**	**828,045**	**15%**
Cost of sales	(496,938)	(455,843)	9%
Gross profit	455,346	372,202	22%
Gross profit margin	**47.8%**	**44.9%**	
Other revenue	56	228	-75%
Selling and distribution expenses	(126,951)	(108,487)	17%
General and administrative expenses	(151,174)	(131,363)	15%
Operating profit (before goodwill impairment loss)	177,277	132,580	34%
Finance income	4,304	2,167	99%
Profit before income tax (before goodwill impairment loss)	181,581	134,747	35%
Income tax expense	(25,342)	(22,327)	14%
Profit after tax (before goodwill impairment loss)	**156,239**	**112,420**	**39%**
Goodwill impairment loss	–	(25,539)	-100%
Profit for the year	156,239	86,881	80%
Non-controlling interests	(1,601)	(1,419)	13%
Profit attributable to equity holders	**154,638**	**85,462**	**81%**
Net profit margin (before goodwill impairment loss)	**16.4%**	**13.6%**	

Overview

The financial year ended 31 March 2011 was a fruitful year for the Group. Both turnover and profit attributable to equity holders were a record high for the Group. Compared to the year ended 31 March 2010, the Group's turnover increased to HK$952.3 million, an increase of HK$124.2 million or 15%. Profit attributable to equity holders increased by HK$69.2 million or 81% to HK$154.6 million for the year ended 31 March 2011. The remarkable increase was partly due to the goodwill impairment loss of HK$25.5 million charged to the financial year ended 31 March 2010. If this factor was excluded, the increase in profit attributable to equity holders would have been 39%.

Management Discussion and Analysis

Overview (Continued)

Content team of our printed media segment had worked industriously to cater for the ever-changing needs of our readers. The Group's creative team of advertising sales was also able to seize the opportunities of the upturn in the advertising market, leveraging on the well received printed publications, namely *Hong Kong Economic Times*, *Take me Home*, *e-zone*, *U Magazine* and *iMoney*, and achieved an encouraging increase in advertising income for this segment. Management's continuous effort on effective cost control enabled the segment to improve its profit margin. Profit for the year of printed media segment increased by 38% as compared to previous financial year.

Increasing demand from institutional and individual investors led to the growth of the financial news agency, information and solutions segment. As market leader, this segment benefited from the active stock market and investment sentiment and recorded a double-digit growth in both turnover and profit for the year. Driven by our commitment to improve our products quality and exceed customers' expectation, the segment continued to invest in product enhancement and capacity upgrade. Despite this, the segment managed to achieve an improved profit margin. Thanks to the effort of our dedicated management and devoted staff from various departments.

In line with the global economic situation, the previous financial year 2009/10 was a difficult one for recruitment advertising and training segment. With the gradual return of business sentiment and the unwavering effort of the management and staff, the performance of the segment rebounded. Turnover recorded a growth of 21%, and bottom line turned into profit for the year. Despite this early success, the segment would continue to adapt to the structural change of the recruitment advertising market and focus on expanding our market share in the online recruitment advertising market.

To meet the challenges from the new media, the Group was investing in lifestyle portals on food, travel, health and beauty under the lifestyle portals segment. The development of the lifestyle portals were progressing as planned.

The Board of Directors and management teams of the Group strive to maintain the Group's leadership positions in the Group's businesses and to diversify the Group's income base to a more balanced portfolio for the sustainable growth of the Group and for the interests of our customers, readers and shareholders.

Turnover

	Year ended 31 March 2011 HK$'000	2010 HK$'000	% Change
Turnover:			
Advertising income	530,584	449,186	18%
Circulation income	145,397	140,066	4%
Service income	261,292	224,018	17%
Enrolment income	15,011	14,775	2%
Total	952,284	828,045	15%

Turnover (Continued)

Turnover for the year ended 31 March 2011 recorded an increase of 15% against the year ended 31 March 2010.

Advertising income for the year ended 31 March 2011 was HK$530.6 million, an increase of 18% as compared to the year ended 31 March 2010. The return of consumer confidence, the heated property market, the increased new listings activities and the recovery in job market had contributed to the Group's growth in advertising income.

Circulation income increased by 4% from HK$140.1 million for the year ended 31 March 2010 to HK$145.4 million for this financial year. Our commitment on content quality and the active stock market had helped to boost circulation of our publications.

Service income for the year ended 31 March 2011 was HK$261.3 million, which registered an increase of 17% when compared with the previous financial year. The financial news agency, information and solutions segment's effort on quality services and responding to customers' needs helped to retain the loyalty of our clients. The provision of printing and marketing related services also recorded a healthy increase in the period under review.

Enrolment income, benefited from the economic rebound and the increase in demand for self enhancement and development from the public, recorded HK$15.0 million for the year ended 31 March 2011, an increase of 2% from the previous financial year.

Operating Costs

Gross profit margin for the year ended 31 March 2011 improved by 2.9 percentage point to 47.8% from 44.9% in the year ended 31 March 2010. Management would continue to streamline the Group's operation and efficiency.

Staff costs, representing approximately 51% of the Group's total operating costs, increased by 13% as compared to the year ended 31 March 2010. The increase was mainly due to general pay rise and increase in headcount to support the Group's expansion and development. As the Group's success relied upon our staff's devotion and commitment, the Group offered competitive remuneration packages to retain quality staff.

Newsprint costs, constituting around 9% of the Group's total operating costs, decreased slightly by 2% as compared to the year ended 31 March 2010. The newsprint price was on the upward trend in the financial year ended 31 March 2011. The Group was able to contain the newsprint cost by better sourcing and wastage control.

Income Tax Expense

The Group's effective tax rate for the year ended 31 March 2011 was approximately 14.0%, which was around 2.6 percentage point lower than 16.6% for the year ended 31 March 2010 after excluding the impact of goodwill impairment loss (which had no tax effect). The decrease in effective tax rate was mainly due to the recognition of unrecognised tax losses as deferred tax assets for the year ended 31 March 2011 under the financial news agency, information and solutions segment.

Profit Attributable to Equity Holders

Net profit margin increased from 13.6% (excluding the impact of goodwill impairment loss) for the year ended 31 March 2010 to 16.4% for the current financial year.

The improved net profit margin was a result of the Group's success in market share expansion and implementation of effective costs control measures.

All business segments contributed to the growth of profit attributable to equity holders with printed media constituting the largest portion.

The Group had been investing in new media development including in our recruitment advertising business and lifestyle portals. We believe our investments will help the Group to diversify our revenue sources and broaden our customer base which contribute to the profitability of the Group in the long run.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	2011	2010
Net current assets	459.6	468.2
Term deposits and cash and cash equivalents	368.3	475.9
Equity holders' fund	772.3	673.2
Gearing ratio	–	–
Current ratio	3.01 times	3.36 times

The Group's net current assets as at 31 March 2011 decreased by HK$8.6 million from HK$468.2 million to HK$459.6 million. The decrease was a result of the Group's investment in capital expenditure and held-to-maturity securities made in the financial year ended 31 March 2011.

Liquidity and Capital Resources (Continued)

Net cash outflow from investing activities recorded HK$119.0 million which was mainly attributable to the purchase of held-to-maturity securities amounting to HK$68.1 million and the purchase of property, plant and equipment and investment properties amounting to HK$85.5 million. During the period under review, the Group has acquired several properties intended for self-use.

The Group had distributed the final dividend declared for the financial year ended 31 March 2010 to equity holders of the Company and interim dividend for the six months period ended 30 September 2010 amounting to an aggregate total of HK$56.8 million.

The Group had no gearing as at 31 March 2011 and 2010. Current ratio dropped from 3.36 times to 3.01 times as a result of the investment in capital expenditure and held-to-maturity securities. As at 31 March 2011, the Group had a cash balance of HK$368.3 million as compared to HK$475.9 million as at 31 March 2010. Majority of cash was placed under short-term deposits with banks in Hong Kong and was held in Hong Kong dollars, hence the Group had no significant exposure to foreign exchange fluctuations.

The Group is able to meet its working capital requirements, support investment needs of any future business plans and fulfill the dividend payment policy at the current fund level.

In January 2011, the Group entered into a contract with an independent third party to purchase newspapers printing and production machineries at a total consideration of SEK73,000,000. The machineries are expected to commission towards the end of 2011.

Outlook

Going forward into financial year 2011/12, we foresee intensified competition from new media. The evolution of mobile gadgets accelerates the change of reading habit. Printed media have to adapt to this cultural change. We have to compete more to get audience attention. We have to unlearn old skills and learn new skills. The Group would monitor the market situation closely and proactively improve accordingly.

In the coming financial year, we may find ourselves in a position where the rise in cost is faster than revenue. Rising paper price caused by rising oil prices, increasing wages level and inflationary pressure on other operating costs are squeezing the Group’s profit margin. We would spare no effort in reviewing all our costs and streamlining our operations in order to achieve reasonable profit margin and for sustained profitability for the benefit of our shareholders.

Outlook (Continued)

There are also uncertainties in the economic front. There are renewed fears in the euro-zone's debt problems, worries about the prospect of a U.S. slow down and concerns about Mainland China's tightening monetary policy to curb inflation. We would be watching these developments closely and react accordingly.

Despite these threats and uncertainties, we are determined to overcome these challenges and are optimistic about the prospect of the Group in the medium term. We would continue to invest in business units which we have leading edge, and restructure business units which we did not do so well. Our diversified portfolio of products and services had served us well in weathering the ups and downs of economic cycles and we believe this strategy of diversification would lessen part of the pressure on the Group's profit. We would continue to look for opportunities in products and services within our core business domains of finance, property, human resources, education and lifestyle to attain a more balanced and diversified portfolio for the sustainable growth in the long run. Previous years' experiences had proven that under the guidance of our Board comprising experienced and high calibre members with broad knowledge, and the excellent execution of business plans by our passionate staff, the Group will overcome the challenges ahead.

Employees

As at 31 March 2011, the Group had 1,311 employees (31 March 2010: 1,252 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

Directors' Report

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011 (the "Financial Statements").

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 24 to the Financial Statements.

An analysis of the Group's performance for the year ended 31 March 2011 by operating segment is set out in note 5 to the Financial Statements.

A discussion of the Group's performance and its financial position are provided in the section headed "Management Discussion and Analysis" in this Annual Report.

Financial Results

The results of the Group for the year and the state of affairs of the Company and the Group as at 31 March 2011 are set out on pages 37 to 84.

Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 4.1 cents per share, totalling HK$17,696,000 was paid on 8 December 2010.

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 17.9 cents per share in respect of the year ended 31 March 2011 to the shareholders whose names appear on the register of members of the Company at the close of business on 1 August 2011, amounting to HK$77,256,000. The final dividend, payable on 19 August 2011, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 27 July 2011.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out on pages 42 and in note 23 to the Financial Statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group are set out in note 14 to the Financial Statements.

Share Capital

Details of the authorised and issued share capital of the Company are set out in note 22 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2011, calculated under the Cayman Islands Companies Law, amounted to HK$307,684,000 (2010: HK$296,998,000) including share premium of HK$269,808,000 and retained earnings of HK$37,876,000.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the Section headed "Five-year Financial Summary" in this Annual Report.

Purchase, Sale or Redemption of the Company's Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. FUNG Siu Por, Lawrence *(Chairman)*
Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung)
Mr. CHAN Cho Biu
Mr. SHEK Kang Chuen
Ms. SEE Sau Mei Salome
Mr. CHAN Wa Pong

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul
Mr. CHOW On Kiu
Mr. LO Foo Cheung

Details of the profile of each member of the Board are set out in the section headed "Board of Directors" in this Annual Report.

In accordance with Articles 86 and 87 of the Company's Articles of Association, Mr. Mak Ping Leung, Mr. Chan Cho Biu, Mr. Chan Wa Pong and Mr. Chu Yu Lun shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Other than as disclosed under "Related Party Transactions" in note 27 to the Financial Statements, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2011, the interests and short positions of each director and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long positions in ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity/Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (Note 1)	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	810,000	0.188%
Mr. CHAN Cho Biu	Beneficial owner	520,000	0.120%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	150,000	0.035%
Mr. LO Foo Cheung	Beneficial owner	540,000	0.125%

Note 1: The interests in the 44,275,000 shares are in respect of the deemed corporate interests held by Mr. Fung Siu Por, Lawrence through Golden Rooster Limited which is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence is therefore deemed interested in the shares held by Golden Rooster Limited.

Note 2: The interests in the 87,435,000 shares are in respect of the deemed corporate interests held by Mr. Chu Yu Lun through Sky Vision Investments Limited which is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun is therefore deemed interested in the shares held by Sky Vision Investments Limited.

All interests stated above represent long positions in the shares of the Company.

(b) Long positions in underlying shares of the Company

The Company adopted a share option scheme in 2005 and no option has been granted by the Company under the share option scheme since its adoption. Details of the scheme are set out in the paragraph headed "Share Option Scheme" below.

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouses or children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2011, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of Directors and chief executives:

Name of Substantial Shareholders	Number of ordinary shares held (long position)	Percentage of issued share capital of the Company
Sky Vision Investments Limited (Note 1)	87,435,000	20.258%
H Partners Management, LLC (Note 2)	63,770,000	14.775%
Golden Rooster Limited (Note 3)	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
MaMa Charitable Foundation Limited	42,681,000	9.889%

Note 1: Sky Vision Investments Limited is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun and Ms. Chow Chiu Hing are therefore deemed interested in the shares held by Sky Vision Investments Limited.

Note 2: H Partners Management, LLC is wholly owned by Mr. Jaffer Rehan. For the purpose of Part XV of the SFO, Mr. Jaffer Rehan is therefore deemed interested in the shares held by H Partners Management, LLC.

Note 3: Golden Rooster Limited is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence and Ms. Lee Suk Wai Alexandra are therefore deemed interested in the shares held by Golden Rooster Limited.

Save as disclosed above, as at 31 March 2011, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the Directors and chief executives of the Company, whose interests are set out in the paragraph headed "Directors' Interests in Shares, Underlying Shares and Debentures" above, who had any interest or short position in the shares or underlying shares of the Company.

Share Option Scheme

Pursuant to the share option scheme adopted by a written resolution of the then sole shareholder of the Company on 19 July 2005 (the "Scheme"), the Company may grant options to, among others, the directors or employees of the Company or its subsidiaries, for the recognition and acknowledgement of their contributions to the Group, to subscribe for shares of the Company (the "Shares").

According to the Scheme, pursuant to which the Board of Directors, may at its discretion, invite any eligible participants to take up options to subscribe for the Shares. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes, shall not, in aggregate, exceed 10% of the number of Shares in issue as at the date dealings in the Shares first commence on the Stock Exchange unless further shareholders' approval had been obtained pursuant to the conditions set out in the Scheme. The total number of Shares issued and to be issued upon exercise of all options already granted or to be granted under the Scheme and any other schemes (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company.

The offer for the grant of options (the "Offer") must be taken up within 21 business days from the day of the Offer, with a payment of HK$10 as consideration for the grant. The exercise price of the share option shall be determined by the Board and shall not be less than the highest of: (a) the nominal value of the Shares; (b) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of Offer, which shall be a business day; and (c) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of Offer.

The share options are exercisable at any time during a period of not more than 10 years from the date of Offer, subject to the terms and conditions of the Scheme and any conditions of grant as may be stipulated by the Board. Unless terminated by the Company by the resolution in general meeting, the Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Scheme becomes unconditional (its listing date).

No option has been granted by the Company under the Scheme since its adoption.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

The percentages of the Group's purchases and sales during the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	8%
– five largest suppliers combined	30%
Sales	
– the largest customer	10%
– five largest customers combined	20%

None of the directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Connected Transactions

The Group has entered into certain related party transactions as disclosed in note 27 to the Financial Statements. These related party transactions did not constitute connected transactions of the Company under the Listing Rules.

Competing Business

As at 31 March 2011, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules, except for the interests held by Mr. Chu Yu Lun and Mr. Fung Siu Por, Lawrence, both Directors of the Company, in Adsale Publishing Limited which is engaged in the publication of industrial magazines catered for readers in the textile and apparel, plastic and rubber, and machinery industries. Mr. Chu is also a director of Adsale Publishing Limited.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of more than 25% of the Company's issued shares as at the date of this Annual Report.

Compliance with Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2011 except as stated and explained below.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board
FUNG Siu Por, Lawrence
Chairman

Hong Kong, 20 June 2011

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To the shareholders of Hong Kong Economic Times Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hong Kong Economic Times Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 37 to 84, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2011

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2011 HK$'000	2010 HK$'000
Turnover	5	952,284	828,045
Cost of sales	6	(496,938)	(455,843)
Gross profit		455,346	372,202
Other revenue	5	56	228
Selling and distribution expenses	6	(126,951)	(108,487)
General and administrative expenses	6	(151,174)	(131,363)
		177,277	132,580
Goodwill impairment loss	13	–	(25,539)
Operating profit		177,277	107,041
Finance income	8	4,304	2,167
Profit before income tax		181,581	109,208
Income tax expense	9	(25,342)	(22,327)
Profit for the year		156,239	86,881
Other comprehensive income:			
Currency translation differences arising from foreign operations		513	795
Other comprehensive income for the year		513	795
Total comprehensive income for the year		156,752	87,676
Profit attributable to:			
Equity holders of the Company		154,638	85,462
Non-controlling interests		1,601	1,419
		156,239	86,881
Total comprehensive income attributable to:			
Equity holders of the Company		155,151	86,257
Non-controlling interests		1,601	1,419
		156,752	87,676
Earnings per share for profit attributable to the equity holders of the Company (expressed in HK cents)			
Basic and diluted	11	35.83	19.80
Dividends	12	94,952	51,792

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 March 2011 HK$'000	2010 HK$'000 (restated)	As at 1 April 2009 HK$'000 (restated)
Non-current assets				
Intangible assets	13	1,248	2,246	28,783
Property, plant and equipment	14	272,502	228,612	261,702
Investment properties	15	15,603	1,400	4,715
Held-to-maturity investments	16	28,179	–	3,966
Deferred income tax assets	17	4,488	16	18
Deposit		17,462	–	–
		339,482	232,274	299,184
Current assets				
Inventories	18	21,071	17,261	38,556
Trade receivables	19	159,742	146,302	95,906
Deposits, prepayments and other receivables		14,878	16,118	21,045
Tax recoverable		661	1,953	4,547
Held-to-maturity investments	16	40,254	3,961	–
Pledged time deposits	20	83,013	5,004	5,512
Term deposits with original maturities of over three months	20	194,114	315,490	284,042
Cash and cash equivalents	20	174,192	160,384	63,207
		687,925	666,473	512,815
Current liabilities				
Trade payables	21	25,788	26,089	25,010
Fees in advance		83,235	71,485	61,381
Accruals and other payables		112,523	88,110	70,188
Current income tax liabilities		6,804	12,555	3,688
		228,350	198,239	160,267
Net current assets		459,575	468,234	352,548
Total assets less current liabilities		799,057	700,508	651,732

	Note	As at 31 March 2011 HK$'000	2010 HK$'000 (restated)	As at 1 April 2009 HK$'000 (restated)
Financed by:				
Share capital	22	43,160	43,160	43,160
Reserves	23			
Proposed final dividends	12	77,256	38,412	23,738
Others		651,841	591,642	557,177
Equity holders' funds		772,257	673,214	624,075
Non-controlling interests		5,726	4,817	3,398
Total equity		777,983	678,031	627,473
Non-current liabilities				
Deferred income tax liabilities	17	21,074	22,477	24,259
Total equity and non-current liabilities		799,057	700,508	651,732

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Audited Financial Statements

Statement of Financial Position

	Note	As at 31 March 2011 HK$'000	2010 HK$'000
Non-current assets			
Investments in subsidiaries	24	178,627	178,627
Current assets			
Deposits, prepayments and other receivables		460	451
Amounts due from subsidiaries	24	422,537	313,280
Cash and cash equivalents	20	9,020	64,065
		432,017	377,796
Current liabilities			
Accruals and other payables		1,225	1,144
Amounts due to subsidiaries	24	252,455	209,001
		253,680	210,145
Net current assets		178,337	167,651
Total assets less current liabilities		356,964	346,278
Financed by:			
Share capital	22	43,160	43,160
Reserves	23		
Proposed final dividends	12	77,256	38,412
Others		236,548	264,706
Total equity		356,964	346,278

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 84 are an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	25	225,309	165,083
Hong Kong profits tax paid		(35,676)	(12,646)
Net cash generated from operating activities		189,633	152,437
Cash flows from investing activities			
Bank interest received	8	2,423	1,966
Interest income received from held-to-maturity investments		2,044	201
Purchase of property, plant and equipment and investment properties	14 & 15	(85,466)	(8,471)
Proceeds from disposal of property, plant and equipment and investment property	25	191	18,302
Acquisition of held-to-maturity investments	16	(68,113)	–
Disposal of held-to-maturity investments	16	4,006	–
Decrease/(increase) in term deposits with original maturities of over three months		121,376	(31,448)
(Increase)/decrease in pledged time deposits		(78,009)	508
Deposit paid for purchase of property, plant and equipment		(17,462)	–
Net cash used in investing activities		(119,010)	(18,942)
Cash flows from financing activities			
Interim dividend paid to equity holders of the Company		(17,696)	(13,380)
Final dividend paid to equity holders of the Company		(38,412)	(23,738)
Final dividend paid to non-controlling interest holders of the Company		(692)	–
Net cash used in financing activities		(56,800)	(37,118)
Net increase in cash and cash equivalents		13,823	96,377
Effect of foreign exchange rate changes, net		(15)	800
Cash and cash equivalents at beginning of the year		160,384	63,207
Cash and cash equivalents at end of the year		174,192	160,384

Note: As at 31 March 2011, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged time deposits amounted to HK$451,319,000 (31 March 2010: HK$480,878,000) (note 20).

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2009	43,160	122,381	69,944	6,120	–	382,470	624,075	3,398	627,473
Profit for the year	–	–	–	–	–	85,462	85,462	1,419	86,881
Other comprehensive income									
Currency translation differences arising from foreign operations	–	–	–	–	795	–	795	–	795
Total comprehensive income	–	–	–	–	795	85,462	86,257	1,419	87,676
Transaction with owners									
Final dividend for the year ended 31 March 2009	–	–	–	–	–	(23,738)	(23,738)	–	(23,738)
Interim dividend for the year ended 31 March 2010	–	–	–	–	–	(13,380)	(13,380)	–	(13,380)
Balance at 31 March 2010	43,160	122,381	69,944	6,120	795	430,814	673,214	4,817	678,031
Balance at 1 April 2010	43,160	122,381	69,944	6,120	795	430,814	673,214	4,817	678,031
Profit for the year	–	–	–	–	–	154,638	154,638	1,601	156,239
Other comprehensive income									
Currency translation differences arising from foreign operations	–	–	–	–	513	–	513	–	513
Total comprehensive income	–	–	–	–	513	154,638	155,151	1,601	156,752
Transaction with owners									
Final dividend for the year ended 31 March 2010	–	–	–	–	–	(38,412)	(38,412)	(692)	(39,104)
Interim dividend for the year ended 31 March 2011	–	–	–	–	–	(17,696)	(17,696)	–	(17,696)
Balance at 31 March 2011	43,160	122,381	69,944	6,120	1,308	529,344	772,257	5,726	777,983

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

1. General information

The Company was incorporated in the Cayman Islands on 15 February 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are the print and publishing of newspapers, magazines and books, the provision of electronic financial and property market information services, the provision of recruitment advertising and training services, and operation of portals in lifestyle focus.

These consolidated financial statements have been approved for issue by the Board of Directors on 20 June 2011.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are especially significant to the consolidated financial statements, are disclosed in Note 4.

Change in accounting policy

The amendment to Hong Kong Accounting Standard ("HKAS") 17 "Leases" removes the specific guidance which previously required that land element held under a lease should be classified as an operating lease. It provides new guidance which indicates that entities should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has made a reassessment of the existing land lease arrangements and certain "Leasehold land and land use rights" have been restated to "Property, plant and equipment" and the corresponding "Amortisation of lease premium for land" has been restated to "Depreciation of property, plant and equipment" retrospectively. Comparative information has been restated to reflect this change in accounting policy.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The adoption of amendment to HKAS 17 has the following impact on the consolidated financial statements due to the restatement as aforesaid:

		As at	
	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Decrease in leasehold premium for land	(109,778)	(62,366)	(70,715)
Increase in property, plant and equipment	109,778	62,366	70,715

	For the year ended	
	31 March 2011 HK$'000	31 March 2010 HK$'000
Increase in depreciation of property, plant and equipment	167	169
Decrease in amortisation of lease premium for land	(167)	(169)

Apart from the amendment to HKAS 17, the following new or revised standards, amendments to standards and new interpretations are relevant to the Group's operation and are mandatory for financial year ended 31 March 2011:

HKAS 7	Statement of Cash Flows
HKAS18	Revenue
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 38 (Amendment)	Intangible Assets
HKFRS 8	Operating Segments – Disclosure of information about segment assets
Improvements to HKFRSs 2009	

These amendments to standards and new interpretations had no material impact on the presentation of the Group's financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The following new or revised standards, amendments to standards and new interpretations are relevant to the Group's operation but are not effective for the financial year ended 31 March 2011 and have not been early adopted:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 12 (Amendment)	Deferred Tax – Recovery of underlying assets
HK(IFRIC)-Int 14	Prepayments of a minimum funding requirement
HKFRS 9	Financial Instruments
Improvements to HKFRSs 2010	

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(a) *Subsidiaries (Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (note 2.7(a)). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) *Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") of the Group that makes strategic decisions.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK dollars"), which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment

Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Leasehold buildings	50 years or over the unexpired period of the lease, whichever is shorter
Leasehold improvements	5 years or over the unexpired period of the lease, whichever is shorter
Plant and machinery	15 years
Furniture, fixtures and equipment	3 to 8 years
Motor vehicles	5 years
Network and computer equipment	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'general and administrative expenses' in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies (Continued)

2.6 Investment properties

Property that is held for long-term rental yields, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, included related transaction costs. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Investment properties are stated at historical cost less accumulated depreciation and impairment loss, if any. They are depreciated using the straight line method over its estimated useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'general and administrative expenses' in the consolidated statement of comprehensive income.

2.7 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) *Contractual customer relationships*

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contractual customer relationships.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Financial assets

Classification

The Group classifies its financial assets as loans and receivables, held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'held-to-maturity investments', 'trade and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position (see notes 2.12 and 2.13).

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables, held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.10 Impairment of financial assets (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies (Continued)

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group operates defined contribution plans, including a mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

The Group's contributions to the defined contribution retirement plans are expensed as incurred. The Group's contributions to all these plans except for the MPF and the plans in the PRC are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of significant accounting policies (Continued)

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues are recognised as follows:

(i) Advertising income is recognised when the relevant advertisement is published.

(ii) Circulation income, comprises the sales of newspapers, magazines and books, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(iii) Service income is principally derived from the provision of information subscription services, solution and other related maintenance services. Service income is recognised when the services are rendered.

(iv) Enrolment income on the provision of professional training is recognised when the training services are rendered.

(v) Rental from investment property is recognised on a straight-line basis over the lease periods.

(vi) Interest income is recognised on a time-proportion basis using the effective interest method.

The excess of cash received from the items (i), (ii), (iii) and (iv) over the amounts recognised as revenue for the year are recorded as fees in advance in the consolidated statement of financial position.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

2. Summary of significant accounting policies (Continued)

2.21 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's equity holders.

2.22 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Most of the income and expenditures of the Group are denominated in HK dollars. Certain purchases of newsprint are denominated in United States dollars ("US dollars"). The value of the HK dollars is pegged to that of the US dollars and hence, the Group does not have any material foreign exchange exposure in this regard.

The Group's exposure to Renminbi ("RMB") mainly arises from bank deposits and held-to-maturity investments. At 31 March 2011, if HK dollars had weakened/strengthened by 1% against RMB with all other variables held constant, the Group's profit for the year would have been increased/decreased by HK$1,234,000 (2010: HK$93,000). Profit is more sensitive to movement in HK dollars/RMB exchange rates in 2011 than 2010 because of the increased amount of RMB denominated bank deposits and held-to-maturity investments.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) *Market risk (Continued)*

(i) Foreign exchange risk (Continued)

The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2011, the Group did not have any outstanding hedging instruments.

(ii) Cash flow and fair value interest rate risk

Except for bank deposits grouped under "pledged time deposits", "term deposits with original maturities of over three months" and "cash and cash equivalents" in the consolidated statement of financial position, the Group has no other significant interest-bearing assets or liabilities.

Since there is no borrowing in the Group and the Company and short-term bank deposits are under short maturity terms, the cash flow and fair value interest rate risk is considered to be low.

At 31 March 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's and the Company's profit for the year by approximately HK$1,738,000 (2010: HK$1,600,000) and HK$90,000 (2010: HK$641,000) respectively, in respect of interest income on bank deposits.

(b) *Credit risk*

The Group's credit risk arises from its bank deposits and trade receivables while that of the Company arises from bank deposits and amounts due from group companies. To mitigate the risk arising from banks, the Group places its deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party. See note 20 for further disclosure on credit risk.

The Group manages its credit risk associated with trade receivables through the application of credit approvals, credit ratings and monitoring procedures.

Credit sales are only made to customers with appropriate credit history or high credit standing while sales to new customers or customers of low credit standing are usually made on an advance payment or cash on delivery basis.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

In additions, trade receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. See note 19 for further disclosure on credit risk.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000
Group	
At 31 March 2011	
Trade payables	25,788
Accruals and other payables	112,523
At 31 March 2010	
Trade payables	26,089
Accruals and other payables	88,110

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year HK$'000
Company	
At 31 March 2011	
Accruals and other payables	1,225
Amounts due to subsidiaries	252,455
At 31 March 2010	
Accruals and other payables	1,144
Amounts due to subsidiaries	209,001

3.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to equity holders or issue new shares.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and pledged deposits. Total capital is calculated as "equity" as shown in the consolidated statement of financial position.

The gearing ratio as at 31 March 2011 and 2010 was zero as the Group had no borrowing or debt.

3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and the carrying amount of trade payables are a reasonable approximation to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred income tax assets

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred tax assets based on the enacted or substantively enacted tax rates and laws and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management will revisit the assumptions and profit projections at the end of the reporting period.

(b) Provision for impairment of trade receivables

The policy for impairment of receivables of the Group is based on the evaluation of collectibility and ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Held-to-maturity investments

The Group follows the HKAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in HKAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would, therefore, be measured at fair value not amortised cost.

5. Turnover, other revenue and segment information

Turnover comprises the advertising income, circulation income, service income and enrolment income.

An analysis of the Group's turnover and other revenue for the year is as follows:

	2011 HK$'000	2010 HK$'000
Turnover		
Advertising income	530,584	449,186
Circulation income	145,397	140,066
Service income	261,292	224,018
Enrolment income	15,011	14,775
	952,284	828,045
Other revenue		
Rental income from properties	56	228
Total revenues	952,340	828,273

The chief operating decision-maker has been identified as the CEO of the Group. He reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group has 4 reportable segments:

(a) Printed media segment – principally engaged in the printing and publication of newspapers, magazines and books and generates advertising income and circulation income from these publications.

(b) Financial news agency, information and solutions segment – principally engaged in the provision of electronic financial and property market information and related solutions and generates service income from provision of information subscription services, solutions and other related maintenance services.

(c) Recruitment advertising and training segment – principally engaged in the provision of recruitment advertising and training services. This segment generates advertising income from placement of recruitment advertisements, and enrolment income on the provision of professional training.

(d) Lifestyle portals segment – principally engaged in the operation of portals in food, travel, health and other lifestyle focus. This segment generates advertising income and service income from operation of internet portals.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

5. Turnover, other revenue and segment information (Continued)

The chief operating decision-maker assesses the performance of the operating segments based on their respective segment results.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Sales between segments are carried out at arm's length.

More than 90% of the Group's activities are carried out in Hong Kong and more than 90% of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis for the relevant years is presented.

The segment results for the year ended 31 March 2011 are as follows:

	Printed media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
REVENUE												
Turnover	672,180	585,135	220,970	197,864	54,314	43,832	12,729	7,509	–	–	960,193	834,340
Inter-segment transactions	(3,890)	(4,380)	(2,068)	(1,468)	(1,935)	(442)	(16)	(5)	–	–	(7,909)	(6,295)
Turnover – from external customers	668,290	580,755	218,902	196,396	52,379	43,390	12,713	7,504	–	–	952,284	828,045
RESULT												
Profit/(loss) for the year excluding goodwill impairment loss	106,232	78,743	46,919	40,911	9,281	2,586	(11,225)	(11,878)	5,032	2,058	156,239	112,420
Goodwill impairment loss (note 13)	–	(1,616)	–	–	–	(23,923)	–	–	–	–	–	(25,539)
Profit/(loss) for the year	106,232	77,127	46,919	40,911	9,281	(21,337)	(11,225)	(11,878)	5,032	2,058	156,239	86,881

The impairment of goodwill of HK$25,539,000 made in 2010 was in relation to the printed media segment and recruitment advertising and training segment (see note 13). There was no impairment charge recognised for the year ended 31 March 2011. For the year ended 31 March 2011, revenue of approximately HK$94,153,000 (2010: HK$92,261,000) is derived from a single external customer. The revenue is attributable to the printed media segment.

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are HK$945,644,000 (2010: HK$821,756,000) and HK$6,640,000 (2010: HK$6,289,000), respectively.

The total non-current assets other than held-to-maturity investments and deferred income tax assets located in Hong Kong and other countries are HK$306,588,000 (2010: HK$231,933,000) and HK$227,000 (2010: HK$325,000), respectively.

6. Expenses by nature – Group

Expenses included cost of sales, selling and distribution expenses and general and administrative expenses are analysed as follows:

	2011 HK$'000	2010 HK$'000
Crediting		
Gain on disposal of property, plant and equipment and investment property	–	1,897
Charging		
Cost of inventories sold or consumed in operation	84,688	82,836
Amortisation of contractual customer relationships (note 13)	998	998
Auditors' remuneration	2,200	2,100
Bad debts written off (note 19)	109	306
Depreciation of property, plant and equipment and investment properties (notes 14 and 15)	27,087	28,471
Inventories written off	7	26
Loss on disposal of property, plant and equipment	95	–
Operating lease rentals on land and buildings	13,098	20,388
Provision for impairment of receivables (note 19)	183	136
Provision for obsolete inventories	490	703
Staff costs (note 7)	393,856	349,158

7. Staff costs – Group

	2011 HK$'000	2010 HK$'000
Wages, salaries and bonuses	376,990	339,242
Pension costs – defined contribution plans (note a)	13,894	12,907
Long service payment	2,972	(2,991)
Total including Directors' remuneration	393,856	349,158

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

7. Staff costs – Group (Continued)

(a) Pensions – defined contribution plans

Forfeited contributions of approximately HK$607,000 for the year ended 31 March 2011 (2010: HK$766,000) were utilised during the year leaving nil (2010: HK$103,000) available at the year end to reduce future contributions.

Contributions totalling HK$1,870,000 (2010: HK$1,526,000) were payable to the MPF and another occupational retirement scheme at the year end.

(b) Directors' remuneration

The remuneration of each Director for the year ended 31 March 2011 is set out below:

	Salary HK$'000	Fees HK$'000	Discretionary Bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,784	–	882	139	3,805
Mr. MAK Ping Leung	2,964	–	1,037	148	4,149
Mr. CHAN Cho Biu	2,664	–	844	133	3,641
Mr. SHEK Kang Chuen	2,256	–	714	113	3,083
Ms. SEE Sau Mei Salome	2,436	–	812	122	3,370
Mr. CHAN Wa Pong	1,800	–	540	90	2,430
Non-executive Director					
Mr. CHU Yu Lun	–	128	–	–	128
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	–	160	–	–	160
Mr. CHOW On Kiu	–	128	–	–	128
Mr. LO Foo Cheung	–	128	–	–	128
Total	14,904	544	4,829	745	21,022

7. Staff costs – Group (Continued)

(b) Directors' remuneration (Continued)

The remuneration of each Director for the year ended 31 March 2010 is set out below:

	Salary HK$'000	Fees HK$'000	Discretionary Bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,374	–	1,016	119	3,509
Mr. MAK Ping Leung	2,598	–	1,009	130	3,737
Mr. CHAN Cho Biu	2,339	–	909	117	3,365
Mr. SHEK Kang Chuen	1,963	–	762	98	2,823
Ms. SEE Sau Mei Salome	2,234	–	706	112	3,052
Mr. CHAN Wa Pong	1,565	–	607	78	2,250
Non-executive Director					
Mr. CHU Yu Lun	–	128	–	–	128
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	–	160	–	–	160
Mr. CHOW On Kiu	–	128	–	–	128
Mr. LO Foo Cheung	–	128	–	–	128
Total	13,073	544	5,009	654	19,280

During the year, no remuneration was paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2010: nil). No Directors of the Company waived or agreed to waive any remuneration during the year (2010: nil).

(c) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group for the year include five (2010: five) Executive Directors whose remunerations are reflected in the analysis presented above.

(d) Group remuneration policy

The primary goal of the Group's remuneration policy is to attract, retain and motivate talented individuals to contribute to the success of our businesses. The Directors' remuneration is reviewed by the Remuneration Committee and/or the Board (in the case of Non-executive Directors) from time to time having regard to the performance of the Group, the duties and responsibilities concerned and the prevailing market conditions.

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

8. Finance income – Group

	2011 HK$'000	2010 HK$'000
Bank interest income	2,423	1,966
Interest income from held-to-maturity investments	1,881	201
	4,304	2,167

9. Income tax expense – Group

	2011 HK$'000	2010 HK$'000
Current income tax		
Current income tax on profits for the year	31,184	24,102
Underprovisions in prior years	33	5
Total current income tax	31,217	24,107
Deferred income tax (note 17)	(5,875)	(1,780)
Income tax expense	25,342	22,327

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year.

9. Income tax expense – Group (Continued)

(b) The PRC enterprise income tax

No provision for PRC enterprise income tax has been made for two subsidiaries operating in the PRC, namely 環富通科技(深圳)有限公司 and 深圳港經廣告傳播有限公司 *(HKET Advertising (Shenzhen) Limited)* as they have no estimated assessable income for the year. Before 1 January 2008, these subsidiaries are subject to a standard PRC Enterprise Income Tax rate of 15% in accordance with relevant PRC tax laws.

Pursuant to the PRC Corporate Income Tax ("CIT") Law passed by the Tenth National People's Congress on 16 March 2007 (the "new CIT Law"), the general CIT rate is unified at 25%, effective from 1 January 2008. In addition, the new CIT Law also provides a five-year grandfathering period starting from its effective date for those enterprises which were established before 16 March 2007. According to Circular Guofa [2007] No. 39 issued by the State Council on 26 December 2007 regarding the implementation of transitional preferential income tax treatment, the transitional CIT rates of the PRC subsidiaries should be 18%, 20%, 22%, 24% and 25% respectively in the calendar years of 2008, 2009, 2010, 2011 and 2012.

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2011 HK$'000	2010 HK$'000
Profit before income tax	181,581	109,208
Calculated at taxation rate of 16.5% (2010: 16.5%)	29,961	18,019
Effect of difference to tax rate arising from the PRC operation	56	(469)
Underprovisions in prior years	33	5
Income not subject to tax	(895)	(815)
Expenses not deductible for tax purposes	742	3,826
Utilisation of previously unrecognised tax losses	(226)	(1,457)
Tax losses for which no deferred income tax assets were recognised	1,294	3,218
Recognition of previously unrecognised tax losses as deferred income tax assets	(5,623)	–
	25,342	22,327

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

10. Profit attributable to equity holders – Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$66,794,000 (2010: HK$40,030,000).

11. Earnings per share – Group

The calculation of basic earnings per share for current year is based on profit attributable to equity holders of the Company of HK$154,638,000 (2010: HK$85,462,000) and number of 431,600,000 shares (2010: 431,600,000 shares) in issue during the year.

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares during the year ended 31 March 2011 (2010: Same).

12. Dividends – Group and Company

	2011 HK$'000	2010 HK$'000
Dividends attributable to the year		
Interim dividend paid of HK 4.1 cents (2010: HK 3.1 cents) per ordinary share	17,696	13,380
Proposed final dividend of HK 17.9 cents (2010: HK 8.9 cents) per ordinary share	77,256	38,412
	94,952	51,792
Dividends paid during the year	56,108	37,118

A final dividend in respect of the year ended 31 March 2011 of HK 17.9 cents per share, amounting to a total dividend of HK$77,256,000 is to be proposed at the annual general meeting on 27 July 2011. This proposed dividend is not reflected as a dividend payable in the consolidated statement of financial position, but is reflected as an appropriation of retained earnings.

The aggregate amounts of the dividends paid and proposed during 2011 and 2010 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

13. Intangible assets – Group

	Goodwill HK$'000 Note (a)	Contractual customer relationships HK$'000 Note (b)	Total HK$'000
At 1 April 2009			
Cost	25,539	4,991	30,530
Accumulated amortisation	–	(1,747)	(1,747)
Net book value at 1 April 2009	25,539	3,244	28,783
Net book value at 1 April 2009	25,539	3,244	28,783
Amortisation	–	(998)	(998)
Impairment loss	(25,539)	–	(25,539)
Net book value at 31 March 2010	–	2,246	2,246
At 31 March 2010			
Cost	25,539	4,991	30,530
Accumulated amortisation and impairment loss	(25,539)	(2,745)	(28,284)
Net book value at 31 March 2010	–	2,246	2,246
Net book value at 1 April 2010	–	2,246	2,246
Amortisation	–	(998)	(998)
Net book value at 31 March 2011	–	1,248	1,248
At 31 March 2011			
Cost	25,539	4,991	30,530
Accumulated amortisation and impairment loss	(25,539)	(3,743)	(29,282)
Net book value at 31 March 2011	–	1,248	1,248

(a) The carrying amount of the CGUs has been reduced to its recoverable amount through recognition of an impairment loss against goodwill in 2010. This loss had been included as goodwill impairment loss in the consolidated statement of comprehensive income.

(b) Amortisation of HK$998,000 (2010: HK$998,000) is included in the "general and administrative expenses" of the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

14. Property, plant and equipment – Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Network and computer equipment HK$'000	Total HK$'000
At 1 April 2009, as previously reported	57,670	5,849	97,118	22,805	866	6,679	190,987
Restatement due to the adoption of amended HKAS 17	70,715	–	–	–	–	–	70,715
At 1 April 2009, as restated	128,385	5,849	97,118	22,805	866	6,679	261,702
Additions	–	690	59	3,370	–	4,352	8,471
Transfer to investment properties	(1,676)	–	–	–	–	–	(1,676)
Depreciation	(1,561)	(2,936)	(10,939)	(9,452)	(232)	(3,259)	(28,379)
Disposals	(11,466)	–	(20)	(2)	–	(18)	(11,506)
Net book value at 31 March 2010, as restated	113,682	3,603	86,218	16,721	634	7,754	228,612
At 31 March 2010, as restated							
Cost	146,627	26,277	166,996	97,148	1,494	46,763	485,305
Accumulated depreciation	(32,945)	(22,674)	(80,778)	(80,427)	(860)	(39,009)	(256,693)
Net book value at 31 March 2010, as restated	113,682	3,603	86,218	16,721	634	7,754	228,612
At 1 April 2010, as previously reported	51,316	3,603	86,218	16,721	634	7,754	166,246
Restatement due to the adoption of amended HKAS 17	62,366	–	–	–	–	–	62,366
At 1 April 2010, as restated	113,682	3,603	86,218	16,721	634	7,754	228,612
Additions	53,273	2,823	2,050	6,995	1,089	3,554	69,784
Transfer from investment properties	1,388	–	–	–	–	–	1,388
Depreciation	(1,545)	(1,914)	(10,969)	(8,882)	(306)	(3,380)	(26,996)
Disposals	–	–	–	(10)	(276)	–	(286)
Net book value at 31 March 2011	166,798	4,512	77,299	14,824	1,141	7,928	272,502
At 31 March 2011							
Cost	201,334	29,100	169,046	103,916	1,922	48,716	554,034
Accumulated depreciation	(34,536)	(24,588)	(91,747)	(89,092)	(781)	(40,788)	(281,532)
Net book value at 31 March 2011	166,798	4,512	77,299	14,824	1,141	7,928	272,502

At 31 March, leasehold land held under finance leases and their net book value is analysed as follows:

	2011 HK$'000	2010 HK$'000
In Hong Kong held on:		
Leases of over 50 years	106,665	59,166
Leases of between 10 to 50 years	3,113	3,200
	109,778	62,366

15. Investment properties – Group

	2011 HK$'000	2010 HK$'000
At beginning of the year		
Cost, accumulated depreciation and net book value	1,400	4,715
Net book value at beginning of the year	1,400	4,715
Additions	15,682	–
Transfer (to)/from property, plant and equipment	(1,388)	1,676
Disposal	–	(4,899)
Depreciation	(91)	(92)
Net book value at end of the year	15,603	1,400
At end of the year		
Cost	15,682	1,434
Accumulated depreciation	(79)	(34)
Net book value	15,603	1,400
Leases of over 50 years	15,603	1,400

The carrying amounts of the investment properties approximate their fair values.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

16. Held-to-maturity investments – Group

	2011 HK$'000	2010 HK$'000
Listed in Hong Kong	–	3,961
Listed outside Hong Kong	44,151	–
Unlisted securities	24,282	–
	68,433	3,961

The movement in held-to-maturity investments may be summarised as follows:

	2011 HK$'000	2010 HK$'000
At beginning of the year	3,961	3,966
Additions	68,113	–
Disposal	(4,006)	–
Amortisation	(163)	–
Exchange difference	528	(5)
At end of the year	68,433	3,961
Less: non-current portion	(28,179)	–
Current portion	40,254	3,961

The Group has not reclassified any held-to-maturity investments to or from other category of financial assets during the year (2010: nil).

The fair values of held-to-maturity investments as at 31 March 2011 are HK$67,999,000 (2010: HK$3,979,000) based on quoted market bid prices, all with maturity of not more than 3 years.

Held-to-maturity investments are denominated in US dollars and Renminbi amounting to HK$44,151,000 (2010: HK$3,961,000) and HK$24,282,000 (2010: nil) respectively.

The maximum exposure to credit risk at the reporting date is the carrying amount of held-to-maturity investments.

17. Deferred income tax – Group

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2011 HK$'000	2010 HK$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	4,488	16
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(21,074)	(22,477)
	(16,586)	(22,461)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Others HK$'000	Total HK$'000
At 1 April 2009	24,941	535	25,476
Recognised in the consolidated statement of comprehensive income	(2,520)	(165)	(2,685)
At 31 March 2010	22,421	370	22,791
Recognised in the consolidated statement of comprehensive income	(1,028)	(164)	(1,192)
At 31 March 2011	21,393	206	21,599

Deferred income tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2009	(330)	(905)	(1,235)
Recognised in the consolidated statement of comprehensive income	–	905	905
At 31 March 2010	(330)	–	(330)
Recognised in the consolidated statement of comprehensive income	(7)	(4,676)	(4,683)
At 31 March 2011	(337)	(4,676)	(5,013)

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

17. Deferred income tax – Group (Continued)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$9,046,000 (2010: HK$14,212,000) in respect of tax losses amounting to HK$49,486,000 (2010: HK$79,592,000) that can be carried forward against future taxable income. The tax losses of HK$38,685,000 from Hong Kong subsidiaries have no expiry date while other tax losses from the PRC subsidiaries amounting to HK$3,745,000, HK$2,950,000, HK$2,289,000 and HK$1,817,000 will expire in 2012, 2013, 2014 and 2015 respectively.

18. Inventories – Group

	2011 HK$'000	2010 HK$'000
Raw materials	17,728	14,341
Finished goods	6,267	5,354
Less: provision for obsolete inventories	(2,924)	(2,434)
	21,071	17,261

The cost of inventories recognised as expense and included in cost of sales amounted to HK$84,688,000 (2010: HK$82,836,000).

19. Trade receivables – Group

An ageing analysis of trade receivables by overdue day is as follows:

	2011 HK$'000	2010 HK$'000
0 to 30 days	102,393	94,988
31 to 60 days	19,464	21,269
61 to 90 days	14,630	15,512
Over 90 days	27,055	18,259
Trade receivables, gross	163,542	150,028
Less: provision for impairment of receivables	(3,800)	(3,726)
	159,742	146,302

The carrying amounts of trade receivables are reasonable approximation of their fair values. Majority of the trade receivables are denominated in HK dollars.

19. Trade receivables – Group (Continued)

Trade receivables that are not past due and not impaired amounted to HK$64,744,000 (2010: HK$61,300,000). These balances relate to a wide range of customers for whom there was no recent history of default.

The credit period granted by the Group to its trade customers ranges from 0 to 90 days. Below is an ageing analysis of trade receivables that are past due as at the reporting date but not impaired:

	2011 HK$'000	2010 HK$'000
1 to 30 days	37,568	33,688
31 to 60 days	19,464	21,269
61 to 90 days	14,546	15,468
Over 90 days	23,420	14,577
	94,998	85,002

Trade receivables past due but not impaired represent balances that the Group considered to be fully recoverable based on past experience.

The movement in provision for impairment of receivables during the year is as follows:

	2011 HK$'000	2010 HK$'000
At beginning of the year	3,726	3,590
Impairment provision made	183	136
Amounts written off as uncollectible	(109)	–
At end of the year	3,800	3,726

The Group assesses its trade receivables individually to determine their recoverability and the provision for impairment of receivables is used to record the provision made as a result of such assessments. The ending balance of the provision for impairment of receivables represents accounts that were past due over an extended period of time and the Group considers that they may not be recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

20. Cash and cash equivalents, term deposits with original maturities of over three months and pledged time deposits

	Group		Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Cash at bank and on hand	173,555	158,955	9,020	64,065
Term deposits with original maturities of less than three months	637	1,429	–	–
Cash and cash equivalents	174,192	160,384	9,020	64,065
Pledged time deposits with original maturity of over three months	83,013	5,004	–	–
Term deposits with original maturities of over three months	194,114	315,490	–	–
Total	451,319	480,878	9,020	64,065
Maximum exposure to credit risk	450,910	480,453	9,017	64,063
Denominated in:				
– HK dollars	339,952	464,220	9,020	64,065
– RMB	99,164	9,338	–	–
– Other currencies	12,203	7,320	–	–
	451,319	480,878	9,020	64,065

The pledged time deposits were mainly used to secure banking facility for purchase of property, plant and equipment for the Group (note 26).

The effective interest rate on term deposits was 0.69% (2010: 0.95%) per annum. These deposits have an average maturity of 202 days (2010: 195 days).

The Group's bank balances and cash of approximately HK$12,984,000 and HK$9,203,000 as at 31 March 2011 and 2010, respectively, were denominated in RMB and kept in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

21. Trade payables – Group

An ageing analysis of trade payables is as follows:

	2011 HK$'000	2010 HK$'000
0 to 30 days	24,904	24,591
31 to 60 days	694	814
61 to 90 days	71	176
Over 90 days	119	508
	25,788	26,089

The carrying amounts of the trade payables approximate their fair values. Majority of the trade payables are denominated in HK dollars.

22. Share capital – Group and Company

	2011 HK$'000	2010 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.10 each	200,000	200,000
Issued and fully paid:		
431,600,000 shares of HK$0.10 each	43,160	43,160

23. Reserves – Group and Company

(a) Group

Movement of the Group's reserves for the year ended 31 March 2011 is presented in the consolidated statement of changes in equity on page 42.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

23. Reserves – Group and Company (Continued)

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2009	269,808	6,120	24,278	300,206
Profit for the year	–	–	40,030	40,030
Final dividend for the year ended 31 March 2009	–	–	(23,738)	(23,738)
Interim dividend for the year ended 31 March 2010	–	–	(13,380)	(13,380)
At 31 March 2010	269,808	6,120	27,190	303,118
At 1 April 2010	269,808	6,120	27,190	303,118
Profit for the year	–	–	66,794	66,794
Final dividend for the year ended 31 March 2010	–	–	(38,412)	(38,412)
Interim dividend for the year ended 31 March 2011	–	–	(17,696)	(17,696)
At 31 March 2011	269,808	6,120	37,876	313,804

24. Investments in and amounts due from/(to) subsidiaries – Company

	Note	2011 HK$'000	2010 HK$'000
Investments in unlisted shares, at cost	(a)	178,627	178,627
Amounts due from subsidiaries	(b)	422,537	313,280
Amounts due to subsidiaries	(b)	(252,455)	(209,001)

24. Investments in and amounts due from/(to) subsidiaries – Company (Continued)

(a) Particulars of the Company's subsidiaries at 31 March 2011 are as follows:

Company Name	Country/ place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
Hong Kong Economic Times Group (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10,000	100% @
Asianway (Far East) Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
Career Times Online Limited	Hong Kong	Provision of recruitment advertising services in Hong Kong	Ordinary HK$2	100%
Cotino Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10	100%
EPRC Limited	Hong Kong	Provision of electronic property market database to the professional market in Hong Kong	Ordinary HK$100	100%
ET Business College Limited	Hong Kong	Provision of training services in Hong Kong	Ordinary HK$10,000	100%
ET Net Limited	Hong Kong	Provision of electronic financial information services in Hong Kong	Ordinary HK$2 and non-voting deferred shares HK$10,000	96.04%
ET Net (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$104,123	96.04%
ET Net News Agency Limited	Hong Kong	Provision of electronic financial information services in Mainland China	Ordinary HK$100	96.04%
ET Trade Limited	Hong Kong	Provision of equities and derivatives trading solutions in Hong Kong	Ordinary HK$10,000	96.04%

Notes to the Consolidated Financial Statements
Year ended 31 March 2011

24. Investments in and amounts due from/(to) subsidiaries – Company (Continued)

(a) Particulars of the Company's subsidiaries at 31 March 2011 are as follows: (Continued)

Company Name	Country/ place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
ET Wealth Limited	Hong Kong	Provision of funds market database and solutions to the professional market in Hong Kong	Ordinary HK$100	96.04%
ETVision Multimedia Limited	Hong Kong	Provision of multimedia production services in Hong Kong	Ordinary HK$100	100%
Euron Limited	Hong Kong	Provision of printing services in Hong Kong	Ordinary HK$100	100%
HKET China Investment (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$1	100%
Hong Kong Economic Times Limited	Hong Kong	Publication of newspaper, magazines and books in Hong Kong	Ordinary HK$100	100%
Health Smart Limited	Hong Kong	Operation of a health portal in Hong Kong	Ordinary HK$100	100%
iCareerTimes (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$2	100%
Safe City Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
環富通科技(深圳)有限公司 # (ET Wealth Technology (Shenzhen) Limited)	The PRC	Operation of computer software research and development center in Mainland China	Registered capital HK$1,000,000	96.04%
深圳港經廣告傳播有限公司 # (HKET Advertising (Shenzhen) Limited)	The PRC	Provision of advertising services in Mainland China	Registered capital HK$1,000,000	100%

@ Shares held directly by the Company
# A wholly foreign owned enterprise in the PRC

24. Investments in and amounts due from/(to) subsidiaries – Company

(Continued)

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

25. Cash generated from operations – Group

	2011 HK$'000	2010 HK$'000
Profit before income tax	181,581	109,208
Adjustments for:		
– Depreciation of property, plant and equipment and investment properties (note 6)	27,087	28,471
– Goodwill impairment loss	–	25,539
– Amortisation of contractual customer relationships (note 13)	998	998
– Loss/(gain) on disposal of property, plant and equipment and investment property (see below)	95	(1,897)
– Finance income (note 8)	(4,304)	(2,167)
– Bad debts written off (note 6)	109	306
– Inventories written off (note 6)	7	26
– Provision for impairment of receivables (note 6)	183	136
– Provision for obsolete inventories (note 6)	490	703
Changes in working capital:		
– (Increase)/decrease in inventories	(4,307)	20,566
– Increase in trade receivables and deposits, prepayments and other receivables	(12,492)	(45,911)
– Increase in trade payables, fees in advance and accruals and other payables	35,862	29,105
Cash generated from operations	225,309	165,083

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

25. Cash generated from operations – Group (Continued)

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment and investment property comprise:

	2011 HK$'000	2010 HK$'000
Net book amount (notes 14 and 15)	286	16,405
(Loss)/gain on disposal of property, plant and equipment and investment property	(95)	1,897
Proceeds from disposal of property, plant and equipment and investment property	191	18,302

26. Commitments – Group and Company

(a) Group

(i) Capital commitments at the end of the reporting period but not yet incurred are as follows:

	2011 HK$'000	2010 HK$'000
Property, plant and equipment		
– contracted but not yet provided for	72,201	2,290
– authorised but not yet contracted for	236	1,588
	72,437	3,878

26. Commitments – Group and Company (Continued)

(a) Group (Continued)

(ii) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases of land and buildings are as follows:

	2011 HK$'000	2010 HK$'000
Not later than one year	15,726	12,397
Later than one year and not later than five years	4,739	12,751
	20,465	25,148

The future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

	2011 HK$'000	2010 HK$'000
Not later than one year	–	61

(b) Company

The Company had no capital and operating lease commitment as at 31 March 2011 and 2010.

Notes to the Consolidated Financial Statements

Year ended 31 March 2011

27. Related party transactions – Group

During the year, the Group has entered into the following significant transactions with related parties:

		2011 HK$'000	2010 HK$'000
(a)	**Service income** (Note (i))		
	– Roctec Credit Limited	198	213
	– Roctec Securities Company Limited	161	161
		359	374
(b)	**Rental expenses on leased property** (Note (i))		
	– Roctec Systems Limited	712	707
(c)	**Purchase of hardware** (Note (i))		
	– Roctec Technology Limited	1,722	650
(d)	**Consultant royalties expenses** (Note (i))		
	– Wayca Development Limited	163	80
(e)	**Remuneration of contributor** (Note (i))		
	– Mak Ping Leung, the Director of the Company	44	40

(f) Key management personnel compensation

Key management represents Directors (executive and non-executive). Please refer to note 7(b) for the compensation paid or payable to key management for employee services.

Note (i):

These transactions are carried out at a rate mutually-agreed by parties involved in the transactions. The terms of these transactions are no more favourable than those dealt with third parties.

Roctec Credit Limited is beneficially owned by Mr. CHU Yu Lun, the substantial shareholder and Director of the Company.

Roctec Securities Company Limited and Roctec Systems Limited are beneficially owned by Mr. FUNG Siu Por, Lawrence and Mr. CHU Yu Lun, the substantial shareholders and Directors of the Company.

Mr. FUNG Siu Por, Lawrence is the Director and the shareholder of Roctec Technology Limited. Mr. CHU Yu Lun is the shareholder of Roctec Technology Limited.

Wayca Development Limited is beneficially owned by Mr. SHEK Kang Chuen, the beneficial shareholder and Director of the Company.

Five-year Financial Summary

(in HK$ millions, except per share amounts)	2011	2010	2009	2008	2007
	Year ended 31 March				
Operating Results					
Turnover	952	828	841	946	833
Gross profits	455	372	329	409	357
Operating profit	177	107	69	152	139
Finance income	4	2	6	9	7
Finance costs	–	–	–	–	(1)
Profit before income tax	181	109	75	161	145
Income tax expense	(25)	(22)	(11)	(27)	(25)
Profit for the year	156	87	64	134	120
Attributable to					
– equity holders of the Company	155	86	62	133	120
– non-controlling interests	1	1	2	1	0
	156	87	64	134	120
Earnings per share (in HK Cents)	35.83	19.80	14.37	30.71	27.81
Assets and Liabilities					
Non-current assets	339	232	299	312	282
Current assets	688	667	513	539	420
Total assets	1,027	899	812	851	702
Bank loans and finance leases	–	–	–	–	–
Other liabilities	(249)	(221)	(185)	(230)	(167)
Total liabilities	(249)	(221)	(185)	(230)	(167)
Net assets	778	678	627	621	535
Equity holders' fund	772	673	624	619	534
Non-controlling interests	6	5	3	2	1
Total equity	778	678	627	621	535

Five-year Financial Summary

	Year ended 31 March				
	2011	2010	2009	2008	2007
Key Financial Ratio					
Gross profit margin	47.8%	44.9%	39.2%	43.2%	42.8%
Operating profit margin	18.6%	12.9%	8.2%	16.1%	16.7%
Net profit margin	16.2%	10.3%	7.4%	14.0%	14.4%
Gearing ratio	–	–	–	–	–
Current ratio	3.01 times	3.36 times	3.20 times	2.64 times	2.82 times
Quick ratio	2.92 times	3.27 times	2.96 times	2.48 times	2.68 times